

SECRET
SECURITY INFORMATION

14 Dez 1953

Chief, EE FOR: Chief, SR
Attn: []
Chief of Base, Salzburg

Operational/REDFOX/AEAGRE

Grallspice 1 Progress Report for November 1953

Reference: EASA-2455

- A. Headquarters' Action Required: None — for information and files.
- B. Synopsis of Developments: Grallspice 1 performed a minor operational task. He procured for SOB "art" pictures which might possibly be used by SOB for PW. Agent's morale seems to be still quite good although there has been a noticeable deterioration in his morale over the months. A new method for depositing money to agent's escrow account will be used in the future.
- C. Developments:
1. It was learned that deposits to Grallspice 1's escrow account in the States are to be TAd to Headquarters via the Austrian Mission Finance Office. Grallspice 1 requested that the \$100 normally deposited to this account for November be held in Salzburg in reserve for him as a source of ready cash for those personal purchases he will have to make prior to his emigration to the States.
 2. DIR 26077 authorized field to transfer Grallspice 1's savings of 5,000 DMs into dollars which in turn will be TAd to Headquarters for deposit in agent's escrow account.
 3. In general, Grallspice 1's morale has been quite good though there has been understandably a gradual decline in his morale since last February. It seems that his wife is not satisfied in Salzburg and it might seem that she would become disaffected sooner than agent himself.
 4. Agent was given another minor operational task during the reporting period. SOB has been considering a certain PW item for distribution and needed for that an "art" picture (any pictures of nude women). Grallspice 1 was requested to investigate the possibility of obtaining these pictures. Agent quite aptly through the use of a false name, newspaper ad and post box was able to obtain several suitable "art" pictures. Agent was careful enough in this operation so as not to endanger his security.
 5. Agent is continuing his study of the U. S. Constitution and History of America as preparation for his new citizenship.
 6. Previously (EASA-2445 c (2)) SOB had requested additional documentation for Grallspice 1 from MKTOPAZ, Frankfurt. The pictures which had been sent before with that

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CENTRAL INTELLIGENCE AGENCY
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DATE 2007

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request were unacceptable and new pictures were forwarded in EASA-2575. It is hoped that this additional documentation will be soon forthcoming.

[]

11 December 1953

Attachments:

1. CR #50 - SIM/190
2. CR #51 - SIM/206
3. CR #52 - SIM/209
4. CR #53 - SIM/244
5. CR #54 - SIM/258

Distribution:

- 2 - SR (w/2 atts) ✓
- 2 - EE (w/1 att)
- 2 - Vien (w/1 att)
- 1 - File #154
- 1 - File #146
- 1 - Sals Chrono

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ATT. 675A. 2623

SIM/258

Chief of Operations, Salzburg

2 December 1953

[]
Operational/RKIBOX/AEAGRE

Pashatte Meeting with Grallspace 1
on 30 November 1953 - CR #54

MEETING ARRANGEMENTS

1. As arranged at the previous meeting (see SIM/244 - CR #53), case officer was to meet agent Grallspace 1 at 1000 hours on 30 November 1953 at the Grallspace safe apartment. Case officer arrived at the apartment at 0940 hours and agent appeared at 1005 hours. Case officer found a small electric heater in the apartment which the landlord had evidently left. The purpose of the meeting, which lasted one hour, was to continue agent's study of the Constitution and to pay him his salary and housing.

PRODUCTION

2. None.

OPERATIONAL MATTERS

3. None.

PERSONAL MATTERS

4. Case officer and agent spent the greater portion of the meeting on agent's instruction on the U. S. Constitution. As noted before, agent translates the Constitution into Russian and then paraphrases each Section in English. From talking to agent about his study, case officer could see that agent was not only understanding the contents of the Constitution but was even able to raise questions about certain clauses and articles. For instance, agent asked whether it was true that Congress had the power to not only set the punishment but also to try pirates since it is written in the Constitution that Congress has the power to define and punish piracies on the high seas. Case officer told agent that he would try to check that out further and attempt to get a definite answer. (C.O. Note: This is but one example of agent's understanding of and deep reflection on the Constitution. Case officer also wishes to point out that it doesn't seem that there are many people who can translate such a difficult document as the American Constitution into their native language and then paraphrase it in English and understand it fully after only a few months study of the English language.)

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5. Grallspace 1 reported that he hadn't been able to procure a heater for the apartment at the present time but felt that he could do so within the next two or three weeks. Case officer asked agent to please continue in his search for a heater so that future meetings could be conducted in somewhat warmer climate.

6. Case officer asked Grallspace 1 how his wife was getting along in Salzburg. Agent replied that she was quite bored and didn't like Salzburg at all. Agent asked whether it would be possible for his wife to go back to Germany for about two weeks during the holiday season to visit her mother who lives in Muenchen. Case officer replied that he felt this would be possible but that agent should bring it up again at the next meeting so that more definite plans could be made. (C.O. Note: It would seem that there would be more foundation for fearing that Grallspace 1's wife would become disaffected in Salzburg instead of Grallspace 1 himself. As had been noted before; memorandum for the record dated 11 June 1953, agent's wife is of a rather explosive, hot-headed temperament and any pronounced dissatisfaction on her part would undoubtedly give rise to domestic troubles. We know that Grallspace 1's first wife denounced him as a Nazi to the German Police as a result of her hot-headedness in the heat of argument. We have no reason not to believe that such might happen again with his present wife who might cause unpleasantness with local authorities for reasons of pure vengeance.)

COMMUNICATIONS

7. It was agreed to meet again on 10 December 1953 at the Grallspace safe apartment at 1000 hours.

ADMINISTRATIVE MATTERS

8. Agent was reimbursed the following sums for which signed receipts were obtained:

- a. 1610 ANG partial payment November salary
- b. 160 DMs partial payment November salary
- c. 1800 ANG rent and personal housing
- d. 1000 ANG November subsistence

9. Case officer told agent that we had received permission from our Headquarters to transfer his savings of 5,000 DMs in dollars to his stateside bank account, and case officer asked agent if he still wished this act to be carried through. Case officer pointed out to agent that although it was easy to transfer DMs to dollars for deposit in the States, it was somewhat more complicated to withdraw those dollars again from the States and transfer them to Europe in the form of DMs. Therefore it was suggested to agent that if he still wants this action to take place he should consent to it with the understanding it will be extremely difficult to transfer the money back again later should he desire it. Agent replied that he did want the money deposited in the States. Case officer reported that at the legal conversion rate this would amount to \$1,190.47.

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10. Agent requested case officer not to send the November payment of \$100 to the States but to keep it for Agent here in Salzburg in safe keeping since agent felt he would need a considerable reserve of money for personal purchases when it came time to emigrate to America.

Date of Report: 30 November 1953

Distribution: Orig - File #154

1 - SIM Chrono

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ATT. ERA-2623

SIN/244

Chief of Operations, Salzburg

30 November 1953

Operational/GRB UNCS
Package Meeting with Grallspace 1
on 23 November 1953 - CR #53

MEETING ARRANGEMENTS

1. As arranged at the previous meeting (See CR #52 - SIN/209) case officer [] was to meet agent Grallspace 1 at 1000 hours on 23 November 1953 at the Grallspace safe apartment. Case officer arrived at the safe apartment at 0945 hours and, since there is no heat in the apartment as yet, case officer felt the apartment too cold in which to hold a meeting. Thus case officer went back downstairs and intercepted Grallspace 1 on the street and together they walked a block east to a cafe where the meeting was held. The purpose of the meeting, which lasted 45 minutes, was to continue agent's instruction in the Constitution, to check for any further answers on agent's attempt to obtain "art" pictures and also to check on any recent developments in recent proposed change in personal housing.

PRODUCTION

2. None.

OPERATIONAL MATTERS

3. Agent reported that he had received one more answer to his ad for "art" pictures. This answer came from Post Box 444 in Saalfelden and contained three or four mediocre pictures. Agent said that judging from the body of the letter and also from the fact that it was addressed to Fraulein Miller (agent is using the alias of Miller for this operation) he would guess that the letter came from a woman, probably a lesbian. Case officer thanked agent for his efforts and told agent that there was no need for any further activity on the project since we had got all the pictures we would possibly need. Case officer questioned agent whether he had ever met face to face Wilhelm STAUPER, who sent an answer to agent's ad. Agent replied that he had not saying that case officer had instructed not to contact anyone personally. Case officer went on to tell agent that results on the security check on STAUPER revealed that STAUPER was a reporter for the Salzburger Nachrichten and reported to be a blackmailer and an alleged Soviet agent. Case officer noted to agent that STAUPER's answer to the ad merely gave STAUPER's name and telephone number and the request that agent telephone STAUPER in regard to his ad. STAUPER made no mention in the letter of having in his possession any "art" pictures. Thus STAUPER did not commit to writing the fact that he was interested in such things. This might

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have been trying to contact agent with the intention of blackmailing him for a small sum. (Case officer note: Since agent was so careful not to use his true name and also to employ the Hammerer Advertisement Agency and also a post office box, it is not at all believed that STAUPER could trace this episode back to agent.)

4. Agent reported that he had received two more "business" letters. This makes a total of 15 "business" letters which have been mailed and which agent has received at his home address.

PERSONAL MATTERS

5. Case officer and agent spent about 1/2 hour on agent's lessons on the Constitution. Agent was surprised to hear that the Constitution provided for Senators and Representatives being confirmed after their elections by their respective bodies before they can take their seats in Congress. Case officer pointed out that actually it was just a formality though invariably there is some discussion on one or two congressmen at each of these confirmations.

6. Agent suggested that he go to an electrical appliance shop and try to rent an electric heater for use in keeping the apartment warm. Case officer agreed to this proposal and requested that agent do so as soon as possible and bring the heater along to the next meeting.

7. Agent submitted the name of Arthur KOEPLINGER as being the owner of an apartment which Grallspace 1 wished to rent for his personal housing. This apartment would be considered warmer than his present one and case officer agreed that agent by all means should make the change. Case officer told agent that he would immediately check the name security-wise and call agent that afternoon and merely say that the proposal was in order or was not. (Case Officer Comment: Name checks in SOB, USFA G-2 and Sals CIC files were negative on KOEPLINGER and thus case officer informed agent that the proposal was in order.)

COMMUNICATIONS

8. It was agreed to meet again at the Grallspace safe apartment on 30 November 1953 at 1000 hours.

ADMINISTRATIVE MATTERS

9. Agent was reimbursed 165 AKS for operational expenses incurred while obtaining "art" pictures.

Date of Report: 30 November 1953

Distribution: Orig - File #154

1 - SIN Chrono

4 - Hold for Progress Report: 2 - SR ✓
1 - EE
1 - Vien

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ATT. ENA-2623

SIM/209

Chief of Operations, Salzburg

16 November 1953

Operational/REDAUX/ALACRE
Package Meeting with Grallspace 1
on 16 November 1953 CR #52

MEETING ARRANGEMENTS

1. As arranged at the previous meeting (See CR #51, SIM/206), case officer [] was to meet agent Grallspace 1 at 1000 hours, 16 November 1953 at the Grallspace safe apartment. Case officer arrived at the operational apartment at 0950 hours. Agent arrived at 1010 hours explaining his belatedness by the fact that he had been at the post office to check for any recent mail that would have any more pornographic pictures. The purpose of the meeting, which lasted 45 minutes, was to check for recent developments on receiving pornographic pictures, and to continue agent's study of American history and the American Constitution. The entire meeting was conducted in English.

PRODUCTION

2. None.

OPERATIONAL MATTERS

3. Agent reported that he had received no further answers in regard to his newspaper ad for pornographic pictures. However, he had received a catalogue from the Daneco Company which outlined all available art pictures that they had. This company stocks these pictures supposedly for legitimate artists who cannot afford to hire live models. Agent said that he had heard nothing further from Hinterbischler in Saalfelden and General Delivery #1111 in Zell am See. These two answers seem to be well stocked with pictures but they seem to hesitate in forwarding the pictures to "Miller" in care of a Salzburg general delivery address. They seem to fear postal censorship and its possible police repercussions. Case officer told agent that he was well satisfied with the production and that we had sufficient pictures with which to carry on our work.

4. Case officer asked agent to have some more passport photographs taken of himself, wife, and his daughter. Case officer told agent that the last batch was unsatisfactory because of the poor background and that the next group which agent should have taken within the next few days should have a plain white drop as background. Case officer asked agent if he could do this as soon as possible so that the pictures could be returned by the next meeting.

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PERSONAL MATTERS

5. Agent reported that there was nothing new concerning his possible change of apartments. He said that he had an apartment in mind but believed that it had already been rented to someone else.

6. Case officer and agent spent the remainder of the meeting with agent's paraphrase of the first three sections of the Constitution which dealt with the preamble and with the House of Representatives. Agent said that he did not fully understand the age requirement for being elected as a Representative. Case officer explained this and also age limits and residence requirements for voting in America. Case officer also explained to agent the system of checks and balances between the executive, legislative and judicial branches of the Federal Government. Agent seemed to have studied his assignment well as he appeared already well-versed on the mechanics of American government. He even mentioned in regard to veto power that in the case of a Democratic Congress and a Republican President, political progress in many cases would be retarded.

7. Case officer asked agent to continue reading and translating into Russian the Constitution and also to continue reading his History of America.

ADMINISTRATIVE MATTERS

8. Agent submitted a bill of 165 ANS for expenses which he incurred while obtaining the pornographic pictures.

COMMUNICATIONS

9. It was agreed to meet again on 23 November 1953 at 1000 hours at the Grill-spice safe apartment.

Date of Report: 16 November 1953

Distribution: Orig - File #154

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ATT. EASA-2623

SIW/206

Chief of Operations, Salzburg

16 November 1953

Operational/REKEX/ALACRE

Pschatte Meeting with Grallspace 1
on 12 November 1953 - CR 451

MEETING ARRANGEMENTS

1. As arranged at the previous meeting, (See SIW/190, CR #50), case officer was to meet agent Grallspace 1 at 1300 hours on 12 November 1953 at the Grallspace safe apartment. As per usual, case officer arrived at the safe apartment about 15 minutes before the meeting time and agent appeared promptly at 1300 hours. The purpose of the meeting, which lasted 30 minutes, was to begin agent instruction on American History in preparation for his emigration and to see if agent had any luck in obtaining the pornographic pictures for SCH which it is considering using in one of its P/E operations. The entire meeting was conducted in English.

PRODUCTION

2. None.

OPERATIONAL MATTERS

3. Grallspace 1 immediately reported that he had had some luck in obtaining the pornographic pictures which case officer had requested at the last meeting. Grallspace 1 related how he had gone to an advertisement agency, Hemmerer, in the Judengasse and had placed an advertisement in the Salzburger Nachrichten stating that he was interested in buying "Aktbilder" (a commonly used Austrian term for pornographic pictures). It was not necessary for Grallspace 1 to give any name or address. He merely received a receipt number for the advertisement and several days later returned to Hemmerer to pick up the answers which had been sent to the blind ad number. All totalled, Grallspace 1 received 12 replies, only three of which looked promising. He answered the three promising replies under the name of Miller and using as his return address a Salzburg general delivery number which he had obtained under the name of Miller. Several days after this Grallspace 1 received a number of samples of pornographic pictures which he gave case officer. Two of the answers, which had forwarded sample pictures, replied that they would send "Miller" additional photographs if he would forward to them his private address. These two dealers seem to fear that postal

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censorship might reveal their activities and cause them some trouble with the police. For this Grallsapice I proposed to use Frau Stürkner as an unwitting cut-out. Case officer, however, disagreed with the plan since it would be traceable to agent and told agent that besides the operation was not that important. Therefore Grallsapice I was given specific instructions not to use Frau Stürkner as an unwitting cutout and also was told not to come into direct contact with any of the photo dealers. Agent also reported that he was to receive a catalogue from the Dunsco Company which is a distributor of art pictures. When asked, agent replied that this business was not in the least dangerous and would not necessarily constitute a threat to his security even though the commercial pandering of such pornographic pictures is unlawful. Case officer requested that agent procure the catalogue from Dunsco and also whatever additional pictures he can get by other means.

PERSONAL MATTERS

4. Agent asked whether it would be permissible for him to change residences. (C.O. Note: It will be recalled that agent once before requested to change residences since his present one will be quite cold and damp for the winter months.) Case officer told agent that by all means he should feel free to change apartments. Case officer asked however that agent give him the name and address of the owner of his future apartment so that a security check could be made.

5. Case officer and agent spent the remainder of the period discussing the Declaration of Independence which agent had translated into Russian and paraphrased in English. Agent seemed to have a basic understanding of the Declaration of Independence and its role in American history. Agent also reported that he had not been able to find an English copy of an American history but that he was able to procure one in German. Case officer asked agent to continue reading his history of America and assigned him for reading the first three sections of the Constitution.

COMMUNICATIONS

6. It was agreed to meet again on 16 November 1953 at 1000 hours in the Grallsapice safe apartment.

CASE OFFICER COMMENT

7. Agent's energetic way in which he went about procuring the pornographic pictures would evidence his desire and his ability for larger operational tasks than he has had to do in Salzburg. Case officer gets the feeling that agent realizes only too well that he has been in Salzburg for 9 months with hardly any activity and that when he is given such a small task as procuring pornographic pictures he takes it to heart and gives his all to the job. Furthermore, agent's secure method of handling the procurement of these pictures also bears out his ability for clandestine work.

Date of Report: 16 November 1953

Distribution: Orig - File #154

1 - CIN Chrono

4 - Hold for Progress Report: 2 - SR

/2 - EX

/2 - Vien

SECRET
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SECRET
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ATT. EMASA-2623

SIM/190

Chief of Operations, Salzburg

3 November 1953

Operational/REDSOX/GROOVY

Pachatte Meeting with Grallspace 1
on 2 November 1953 - CR #50

MEETING ARRANGEMENTS

1. It was arranged at the previous meeting (see CR #49 - SIM/171) that case officer [] was to meet agent, Grallspace 1, at 1000 hours on 2 November 1953 at the Grallspace safe apartment. Case officer approached the building in which the safe apartment is located at about 0950 hours and accidentally met agent [] standing in front of it. Case officer and [] exchanged brief salutations and case officer walked on down the block where he waited in front of a store window hoping either to intercept Grallspace 1 on his way to the safe apartment or that Tichrell 1 would leave before the arrival of Grallspace 1. However as luck would have it, Grallspace 1 approached the apartment building from the opposite direction and hence case officer was not able to intercept him. Grallspace 1 entered the apartment building walking directly past agent, [] CO Note: It is not believed that either Grallspace 1 or [] were suspicious of the other's presence.) Fortunately agent, [], a few minutes thereafter left the area in his USFA truck (it will be recalled that [] is a driver for USFA Transportation Corps) and case officer was able to proceed to the Grallspace safe apartment being able to intercept Grallspace 1 just as he was about to leave the apartment building. Other than the above episode, it is not believed that agent or case officer were seen entering or leaving the safe apartment. It is definitely believed that [] certainly did not see case officer entering the building in which the safe apartment is located. The purpose of the meeting, which lasted 30 minutes, was to receive agent's final draft of the defection letter, to pay agent his housing and subsistence for October and to give agent an American history book in which he can start his studies in preparation for his emigration to the states.

PROGRESS

2. None.

OPERATIONAL MATTERS

3. Agent submitted his final draft on the defection letter with the corrections as suggested in the previous contact report. Case officer expressed his appreciation for Grallspace 1's fine work on this letter and added that he felt it to be a very good piece of work.

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4. Agent also submitted a draft of a defection letter which expressed the purely patriotic theme. The letter appeared to case officer to be quite a stern plea; however, case officer doubted one paragraph in the letter. This paragraph gave the connotation that the West would come to the aid of the beleaguered nations behind the Iron Curtain. Case officer told Grallspace 1 that he would have to check with his chief to see if such a connotation would be permissible since it may involve an offer not intended nor feasible on our part. Although agent did not expressly outline the type of aid which the West might offer the satellite or Russian countries, the connotation was clearly there that we would come to their aid.

5. Case officer asked agent if he knew where one could procure pictures of naked women in Balshurg. Grallspace 1 said he knew of several places such as photo shops and houses of prostitution. However he said he would have to investigate first the possibility of obtaining these pictures. Grallspace 1 said that such pictures are usually passed from friend to friend since the local populace fears that a stranger asking for such pictures may be an agent of the local CID. Case officer asked that if possible agent should procure pictures imported from France or Italy. (C.O. Note: SOD is attempting to obtain these pictures for a possible P/W project under ☐ ☐)

PERSONAL MATTERS

6. Case officer asked about the health of agent and his family. Agent replied that everyone was enjoying good health and that agent had no repercussions from his recent dental operation and that his apartment was certainly sufficiently warm for the coming winter months and that case officer need not fear the apartment would be unduly cold or damp this winter.

7. Case officer lent agent a copy of Muzay's History of Our Country which contained the Declaration of Independence and asked the agent to read, translate into Russian and paraphrase in his own words the Declaration of Independence. Case officer explained that this document and the American Constitution were basic to an understanding of the American concept of democracy and the American way of life. Case officer went on to explain that agent should do all possible to prepare his way of thinking for his future life in the States and should try to understand as well as possible and as soon as possible Americans and their manner of living. Case officer also gave agent the assignment of purchasing a short history of America in English which agent should immediately begin reading and studying.

8. Agent reported no recent developments in the Blackwell attempt by Maria PFERNIO.

ADMINISTRATIVE MATTERS

9. Agent was paid the following sums for which signed receipts were received:
- a. 1,300 AMS (for personal housing)
 - b. 1,000 AMS subsistence for the month of October
 - c. 300 AMS payment for housing utilities.

COMMUNICATIONS

10. It was agreed to meet again on 12 November 1953 at 1300 hours in the Grill-spice safe apartment.

11. Agent was reminded that in arranging emergency meetings the time set by case officer over the telephone would automatically mean that meeting would take place two hours before the time agreed on over the telephone. For example, if case officer asked for a meeting on the telephone for 1200 hours this would mean the meeting would actually take place at 1000 at the operational apartment.

Date of Report: 2 November 1953

Distribution: Orig - File #154

1 - SIM Chrono

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